



## About COCERAL

**COCERAL** is the acronym for "*Comité du Commerce des céréales, aliments du bétail, oléagineux, huile d'olive, huiles et graisses et agrofournitures*" and is considered as the voice representing the European cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply trade.

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# EU Intervention Policy

## Background, Mechanics & Achievements

# Development of the EU CAP

- 5 main objectives behind CAP creation
  - Raising agricultural productivity
  - Increasing earnings
  - Stabilising markets
  - Guaranteeing regular supplies
  - Ensuring reasonable prices for consumers
- But policy creation came from different national perspectives and management

# History to Intervention

- Simple original concept for intervention policy:
  - Liberal market with minimal interference
  - Intervention for feed grains only
  - Intervention only at end of marketing year
  - Creating a market of last resort
- Differing national policy approaches pre-EU.

# Germany

- Heavy state regulation pre- EU
- Elevated internal market prices
- Minimum & maximum price setting
- Import levies and quotas
- Blending of grain qualities – minimum domestic milling percentage
- Influence of deficit regions - Duisburg

# France

- 3 year 'Campaign Plans' for higher quality products.
- State taxes & levies reduced these prices
- Monthly increments for storage
- Higher internal prices – but farmers carried part of the deficit on exports
- Encouragement for feed grain production

# Benelux

- Policy driven by domestic feed grain demand
- Internal prices at world market levels
- No restrictions on imports



# Italy

- Liberal market position
- Maize imports encouraged
- Highly differentiated regional wheat pricing
- But price support on only 20-30% of market.



# Timetable for Integration

- Base Regulation 19/62 – in force from 1<sup>st</sup> July 1962.
- Aim was to harmonise price levels by 1<sup>st</sup> July 1964
- Actual harmonisation was 1<sup>st</sup> July 1967

# Early EU Intervention

- Heavily reflected the German interventionist approach
- National base prices for intervention set on main cereal deficit region eg. Duisburg & Rouen
- Provided base for marketing centres
- Target price system created to reflect transport costs

# Early Intervention Details

- September to May Intervention period
- Quality criteria
  - Specific weight (hectolitre)
  - Maximum moisture content
  - Maximum impurity levels
- Minimum offer tonnages
- Monthly increments
- Early years saw attractiveness grow

# Policy Developments

- Review of regionalisation approach
- Managing issues of national boundaries
- Use of “Intervention B”
- Policies of self-sufficiency and enlargement



# The need for Change

- Impact of currency
- Grain market reform in 1976
  - Increase price differential between intervention and threshold prices (improving attractiveness for EU cereals)
  - Abolition of regionalisation
  - Separate intervention prices for feed wheat and milling wheat
  - Tighter intervention rules
  - Co-responsibility levy

# The Pressure Continues ...

- EC export pressure built through 1980's
- Intervention - a market in its own right?
- Demand for fundamental change became overwhelming.



# Agenda 2000 and beyond

- Significant reduction in intervention
- Reduction of monthly increment value
- Reducing intervention scope
- Returning to the original principles?



# UK – Intervention in Operation

- Contractual arrangement between seller and Rural Payments Agency
- Offers must be for minimum quantity & quality
- Offers can be for delivery or “in-situ”
- Importance of offer date
- Acceptance and delivery is RPA determined

# Sampling & Delivery

- Loads sampled both prior to and at delivery
- Deductions and penalties can apply
- Transport costs usually for the offeror



# Quality Criteria

- Figures given for wheat (barley in parentheses)
- Maximum moisture – 14.5%
- Minimum specific weight – 73kg/hl (62)
- Minimum protein content – 10.5% (wheat only)
- Maximum impurities – 12%
- Minimum hagberg number – 220
- Minimum zeleny index – 22
- Dough machinability - Pass

# EU Cereals Intervention - Achievements

- Defined market support
- Market of last resort?
- Supported quality grains production?
- Strategic stock holding?
- Something to be recommended??





# Thank you

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